

here tonight to begin this wonderful performance.

CeCe, come on out.

NOTE: The President spoke at 8:50 p.m. on the South Lawn at the White House. In his remarks, he referred to musicians Phil Driscoll and Mickey Mangun.

## Remarks to the SAVER Summit

June 4, 1998

First let me say a special word of thanks to the Members of Congress who are here and especially those who sponsored the legislation which created this summit. I thank Governor Allen and Secretary Herman for doing their sort of bipartisan introduction thing. I couldn't help wondering what all of us look like up here to all of you. *[Laughter]* I bet we look like a bunch of school boys in the spelling bee dying for the recess bell. *[Laughter]* But this has actually been better—it's been enlightening for me.

The most encouraging thing of all that was said to me, from a purely selfish point of view was when the Speaker said, "If I got to be 50, I could look forward to living another 30 years." Yesterday I was in Cleveland, and I went to an elementary school to see some work that some of the AmeriCorps volunteers are doing, and I was shaking hands with all these little kids. And it really is true that they say the darndest things. And this young boy was 6 or 7 years old, maybe, a little bitty boy, and he said, "Are you the real President?" And I said, "Yes." And he said, "And you're not dead yet?" *[Laughter]* And I realized—I didn't know what he meant. First I thought he'd been reading the local newspaper here. *[Laughter]* And then I realized that to him the President was George Washington or Abraham Lincoln, and he actually thought it was a qualification of the job that you had to be deceased to hold it. *[Laughter]* It was an amazing encounter. *[Laughter]* But now, I've been reminded of the actuarial tables, and I'm ready to go back to work. *[Laughter]*

Let me say just a couple of words by way of introduction. Most of what should be said has already been said and very eloquently. And I thank all the previous speakers. But

I would like to make one point that has been alluded to, but I want to try to drive it home.

We're living in a time where we have the lowest unemployment rate in 28 years, the lowest welfare roles in 27 years, the lowest crime rates in 25 years, the lowest inflation rate in 32 years, the smallest Government in 35 years, and the highest homeownership in history. And we're about to have a balanced budget and a surplus for the first time in 29 years. This has given this country enormous self-confidence. We know that when we work together, we do get things done. We do not know when we'll have a time like this again.

All of our reading of human history teaches us that nothing ever stays the same forever. If we can't deal with this issue now, when will we ever deal with it? We have an obligation to deal with this challenge and deal with it now. And we have an opportunity to do so.

The balanced budget has freed up capital. It's led to an increase in—the efforts at fiscal responsibility have led to a significant increase in our national savings rate, even as individual savings has gone down. And that's been very good to this point because it's enabled us to have lower interest rates, higher investment, and higher growth. And you see here the relationship between savings and investment and growth, which has already been alluded to. So we've had an increase in net national savings and a decline in the budget rate, and it's led to more growth.

But the problem is that we have to have more personal savings as well. And we have to deal with the problems presented especially by Social Security and by the fact that there are 50 million Americans without private pensions and by the fact that very few people are doing any savings above Social Security in whatever pension they have or don't have for their own retirement. So this is a deeply personal issue that Senator Lott, I thought, grippingly discussed, and it's also a big issue for our country.

We have the opportunity and the obligation, I believe, to deal with a lot of our other long-term challenges, but a lot of our other long-term challenges affect our children and affect children who have a poverty rate much

higher, almost twice as high, as senior citizens. Unless we deal with this issue, unless we nail down Social Security for the 21st century and stabilize it, and unless we deal with the need for more private pension coverage, and unless we deal with the need for more savings, it will also—make no mistake about it—it will impair in a direct financial way our ability to fulfill our responsibilities to our children who are living in difficult circumstances. And now we can help to chart a different future, and eventually it will undermine the self-confidence we're now enjoying, and it will make people very short-sighted again when we could be dealing with these issues that will shape the future 10, 20, 30, 50 years from now. So I think it's a very, very important thing.

And to answer to Senator Lott's question, let's begin with Social Security. And I want to thank him for what he said and for what he said to me in private, and to both the Speaker and Senator Lott and the other Democratic leaders of the Congress. I believe, while I think this SAVER summit should keep meeting, I don't believe we should wait until all of your meetings years in advance to deal with the Social Security issue. The demographics are too clear.

We now have until 2032 before it starts to run a deficit, but that's very misleading. With modest changes now, we can have huge impacts later. If you wait, the closer you wait, the more dramatic the changes you have to make just to pay the bills. So my view is that we should continue to have these forums around the country, these bipartisan forums; we should continue to solicit advice; but our goal ought to be to have the Congress take up Social Security reform as the first order of business early next year and finish in the first half of 1999, saving Social Security for the 21st century, so that we baby boomers do not bankrupt our children in their ability to raise our grandchildren. And my commitment is to try to get that done on that timetable.

In order to do it, I have to say I still believe that we have to resist two temptations with the budget surplus. The first temptation is to say, "Well, it's large and projected to be growing," and maybe I've just been in executive positions too long in public life, but those

projections don't mean a lot because sometimes they don't pan out.

Now, we've been real lucky for the last 5 years, all our projects have been too conservative, and we've done better than we've projected. But I think the first thing we have to do is to resist the tendency to spend the surplus on spending our tax cuts until we have dealt with the Social Security issue. The second thing I think we have to do is to resist the temptation to take one thing, even it seems like a very good thing to a large number of people, like the individual accounts, and deal with that without knowing how you're going to deal with the whole system. So what my view is—that we ought to say that we're going to pass comprehensive reform. And I don't rule in or out any ideas here on that. That's not my purpose. And I solicit all of your ideas.

But I just think it would be a big mistake, knowing what the magnitude of the money we're talking about is, to miss this chance to say we're going to hold on to this surplus until we pass comprehensive reform. Then if there is money over and above that after we do this—I hope in early 1999—we can have a wonderful, old-fashioned American political debate about what the best way to proceed is, whether we should cut taxes, invest the money, pay down the debt. We can have that debate. But I think we should commit ourselves again to the idea that saving Social Security first is the right policy for America and the right thing for the 21st century. And I hope we will do that.

Now, let me say, in addition to that, we have some very specific proposals which I think respond at least in part to the concerns which were raised by earlier speakers on pension matters. The Vice President mentioned the Retirement Protection Act, which passed, I believe, with an almost unanimous vote in Congress in late 1994, to protect the pension benefits of more than 40 million workers. But I want to build on that.

In the balanced budget proposal that I have presented to Congress, I proposed to offer tax credits to small businesses who start pension plans to help them deal with the problems, the costs that you mentioned of starting it, starting the programs up and getting the advice. It could be worth, I think,

in the first year, about \$1,000 for small business, which should cover the costs involved in the start-up.

It would encourage employers who don't provide pension plans to give workers the option of contributing to IRA's through payroll deductions, the budget would. The budget also cuts the vesting period for 401(k)'s from 5 years to 3 years. Eventually—I'll make a prediction—it may not happen in our time here, but eventually we will have to figure out how to have people paying, investing continuously, no matter how frequently they change jobs, because you're going to have—if you look at all modern advanced societies, you have a higher and higher percentage of people doing part-time work, you have a higher and higher percentage of people doing more than one job, and you have more rapid turnover. You have a very high rate of vitality and activity in the business community. It means a lot of places being started, but the more businesses that start, the more you're going to have that also won't go on, that won't make it.

And in the increasingly churning, dynamic world, we are going to have to focus very carefully on that. This is something I believe, by the way, that I think the SAVER Summit could really work on in the years ahead because of the congressional legislation, you know, having you meet again in a couple of years and then again in a couple of years after that. But for right now—we know enough now to know we can preserve financial stability in a responsible way and cut this vesting period from 5 to 3 years. And I hope very much that we'll be able to do that in the budget discussions with the legislation that passes this year.

Finally, there's an easy to administer, defined benefit plan that's part of our budget proposal, and I hope the Congress will pass that.

Also, in an effort to encourage more workers to enroll in the 401(k)'s that are already available to them, we have made it clear that employers can automatically enroll workers in the 401(k) plans unless the workers themselves choose to opt out. Now currently, most companies require the employees to opt in to the 401(k) plans, a process that takes some time and some paperwork. Companies that

have cut out the paperwork with automatic enrollment policies that then the employees can opt out of report participation rates of about 90 percent, as compared with an overall participation rate of 67 percent for companies offering 401(k)'s. So that's something that you will discuss. It sounds like a small thing, but it's one thing that can really affect a very large number of people in getting them into the business of saving for their own retirement.

Let me just say, lastly, we all know we have to do more about personal savings. We have worked together in a bipartisan way to expand the availability of IRA's and the attractiveness of them so that people could invest in IRA's and then withdraw tax free if the money were used for education purposes or health emergencies or other things of that kind. But we need, clearly, to do more. And this is an area where, quite apart from the 401(k) issues and the pension areas, I invite you to give your best ideas to the administration and to the Congress, because—let me just give you an idea of what a difference it could make. A person who could afford to save \$5 a day for 40 years would have \$300,000 by the time he or she retired, at just a modest return, above and beyond Social Security and pensions. Young people have a unique opportunity, if we can get it into their minds early: If you save \$2,000 a year beginning at age 25 and you retire at 65, you have \$328,000; if you wait until you're 45 to start, you only have \$78,000. So that really matters.

And let me finally say that—let me begin—let me end where I began. This is a moment of real self-confidence for our country. People have the emotional space to think about the long term. If you just think about your own businesses, your own families, raising your kids; if your child is sick and you're really worried and your child is 10 years old, it's hard to work up the emotional space to think about where your child is going to college and how much it will cost. If you think you can't pay the electric bill at your business, it's pretty hard to think about whether you're going to buy a piece of expensive equipment next year that will make you productive 5 years from now.

Events intrude on nations just as they do on people in their individual, personal, and business lives. We have been given a gift, and we have to use it. This is a wonderful moment, but it is a moment of responsibility that we dare not squander.

Some of you probably know this, but it makes the point, finally, that if we have a saving nation, it means we have a nation of people who think about the future and who believe in it. When Benjamin Franklin died—you know, “a penny saved is a penny earned”—he left £2,000 sterling to the cities of Boston and Philadelphia, with only one caveat: Nobody could spend any of it for 200 years. By 1990, the £2,000 sterling had matured into \$6.5 million, quite conservatively invested.

By leaving that money to people 200 generations removed from himself and his family—I mean, 200 years removed, Benjamin Franklin made a simple, powerful, eloquent statement that he believed in the promise of America, he believed in the future of America, and he was prepared to contribute to it in a truly astonishing way. Well, we don't have to ask the American people to save for 200 years, but we do have to make sure they can think about tomorrow and prepare for it. And this is a magic moment to do it.

Thank you very much.

NOTE: The President spoke at 12:15 a.m. at the Hyatt Regency Hotel. In his remarks, he referred to former Gov. George Allen of Virginia. SAVER is an acronym for Savings Are Vital for Everyone's Retirement.

### **Remarks to the Democratic Leadership Council National Conversation**

*June 4, 1998*

Thank you, Antonio, for that wonderful introduction. Thank you, Senator Lieberman, Governor Romer, Al From, and Will, and all the other folks here from the DLC. I thank Governor Carper and Lt. Governor Kathleen Kennedy Townsend, and all the other elected officials who are here. I thank Jill Docking for her work on this important project.

And let me say, I'm very glad to be here, and I wish I could sit here for a couple of

hours and listen to you, instead of the other way around. I find I nearly always fail to learn things when I am doing the talking. But I am honored to be here. And I just took a little picture in the next room with the elected officials, and I was thinking that we have come a long way since 1984, a long way since the New Orleans Declaration, a long way since Cleveland, and that all of you should be very proud to be a part of a growing national movement that at the same time is bearing faithfully our most treasured American traditions and ideas.

I think it's worth remembering that in the early 19th century when the Democratic Party, when the term began to be used, very often the term was shortened from Democratic Party to just democracy; people used to refer to our predecessors as “the Democracy,” because we believed we were representing all Americans. And I think that that may be a better name for us now, even than it was then. Our party is again a party of hope, a party of the future, a party that empowers individuals and gives them a chance to be part of a larger national progress and unity. The credo of Andrew Jackson's day that I've heard Al From say a thousand times, “opportunity for all, special privileges for none,” is still a big part of what we believe.

Thomas Jefferson believed that we needed more freedom and more responsibility, and that's still what we believe. Franklin Roosevelt and Harry Truman believed that America had to lead in this increasingly interdependent world if we wanted to advance the cause of freedom and peace and prosperity and security. That's still what we believe.

And we have fundamentally, especially here at the DLC, been a group of Democrats committed to ideas. And in that sense, we have embraced one of the central gems of wisdom of the greatest Republican President, Abraham Lincoln, who, in a very eloquent series of statements that I'm sure many of you remember by heart, reminded us that we could never build our country up by tearing others down. I am proud to be a New Democrat with all of you.

We have called our approach “the third way,” with a Government that is more active, more effective, less expensive; one that can